



September 10, 2004

Mr. David Ikari, Branch Chief  
Dairy Marketing  
California Department of Food and Agriculture  
1220 N Street  
Sacramento, CA 95814

Dear Mr. Ikari:

This letter is in response to Land O'Lakes' recent petition for a hearing on the Class 4b pricing formula. We have reviewed the request and have numerous concerns, one of which is that it is based on the Department's 2002 cost study data and the fact that the Department's current 2003 cost study will be completed and available in less than 2 months.

We urge the Department to postpone the call of any hearing to consider adjustments until the 2003 costs are available and the Department has updated the major cost categories for 2004, which we have previously requested before a hearing is held.

It is vital and extremely important to have the most current and complete cost data available when the Department decides to call a hearing on Class 4a and 4b formulas. The benefits of having this data available far outweighs the need to rush into a hearing without the most accurate and complete information.

Sincerely,

CALIFORNIA DAIRIES, INC.

Gary L. Korsmeier  
Chief Executive Officer

GLK:mp

Cc: J. L. Heffington

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